



Title: I, Payroll/Personnel Manual

Chapter:

Bulletin: Title I, 04-21, Federal Insurance Contribution Act (FICA)

Date: December 15, 2004

To: Holders of the Payroll/Personnel Manual
Personnel User Groups
Agency Personnel Offices

Effective January 1, 2005, the wage base for FICA will increase. Beginning with salary payments for Pay Period 25, 2004, the maximum amount of annual earnings subject to social security withholdings and the maximum amount paid by the employee will increase as described below. The National Finance Center (NFC) will automatically begin withholding these taxes based on the new wage base. No action on the part of the employee or the personnel office is necessary.

FICA Employees

The FICA rate remains 7.65 percent. Of the 7.65 percent, the 6.2 percent social security portion will have a maximum annual earnings amount of \$90,000 with a maximum amount paid by the employee of \$5,580.

The 1.45 percent Medicare portion of FICA does not have a maximum annual earnings or a maximum amount paid by the employee. All earnings subject to Medicare withholdings will be subject to the 1.45 percent rate.

Medicare Only Employees

The Medicare rate remains 1.45 percent. The 1.45 percent Medicare portion of FICA does not have a maximum annual earnings or a maximum amount paid by the employee. All earnings subject to Medicare withholdings will be subject to the 1.45 percent rate.

Inquiries

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at customer.support@usda.gov.

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